

South Central Connecticut Regional Water Authority
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Testimony to the Planning and Development Committee

March 1, 2013

**SB-820 - AN ACT CONCERNING THE INTEREST RATE
ON DELINQUENT PROPERTY TAXES.**

The South Central Connecticut Regional Water Authority (SCCRWA) is a non-profit, public corporation and political subdivision of the state. Our mission is to provide high quality water at a reasonable cost while promoting the preservation of watershed land and aquifers. We serve almost 500,000 consumers in the region. The source of this water is a system of watershed and aquifer areas that cover about 120 square miles within 24 municipalities. Much of our 27,000 acres of land is managed for watershed protection, timber resource conservation, wildlife habitat, open space, education, and research.

The South Central Connecticut Regional Water Authority, (SCCRWA), appreciates the opportunity to provide comments to the Planning and Development Committee in OPPOSITION to Raised Senate Bill 820, **AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.**

The Connecticut General Statutes sets the interest rate on delinquent property taxes at 18% or 1½% per month. SB 820 would allow a municipal legislative body to elect an interest rate of 12% per annum as well as allowing for a per diem rate. SCCRWA calculates interest on unpaid water bills at the same interest rate as municipalities charge on delinquent property taxes. The change in SB 820 negatively impacts, SCCRWA and its customers.

First, SCCRWA would have to modify its computer and billing system at a significant cost to calculate the interest rate by the town in which each property is located and calculate it per diem at a significant cost.

Second, this bill will undermine revenue collection to the detriment of customers who pay their bills on time, because the rate of interest determined by the legislature is designed to encourage payments to be made on time.

The SCCRWA provides water service to 15 different municipalities within its district. SB 820 could result in different interest rates being charged on unpaid balances depending on the town in which the property is located. The result would be confusing to customers. For example, a customer who has an unpaid water bill on property in New Haven may pay a different interest rate than a customer whose property is located in Milford, Derby, Hamden, Cheshire or Branford. Customers who own property in multiple towns may pay varying interest on unpaid balances depending on the town in which the property is located.

In addition, our computer software system would have to be updated every time a municipality votes to change the interest rate. SCCRWA would face significant administrative costs to modify its billing system to calculate different interest rates for customers in different towns and to calculate the interest on a per diem basis. Again, this would add additional costs to modify the billing software, and have a negative impact the customers who pay their bills on time.

Thank you for considering the South Central Connecticut Regional Water Authority's comments. Should you have questions please contact, Lori Vitagliano, at 203-401-2720 or lvitagliano@rwater.com